



TrainingPro Comments on Proposed Rulemaking: Registration of Mortgage Loan Originators

TrainingPro, the national leader in state-accredited mortgage education (www.TrainingPro.com), is submitting comments to the proposed rulemaking on "Registration of Mortgage Loan Originators." The comments by TrainingPro address two areas of concern:

- The need to achieve the goals of the S.A.F.E. Act by imposing requirements other than a simple registration requirement on loan originators who work for all types of federal and state-regulated mortgage lending institutions and entities, and
- The need to cover individuals who offer loan modifications services within the definition of "mortgage loan originator."

Expanding Registration Requirements to Include Education

The S.A.F.E. Act was adopted to provide for the protection of the consumer in the financial marketplace. The law was adopted during the "first wave" of the current financial crisis in response to the sub-prime meltdown in 2007. At the time, many states had already enacted various consumer protection laws that were intended to protect borrowers during mortgage lending transactions. These state laws included licensing laws to ensure the professionalism of mortgage lenders, brokers, and originators. Other laws, such as predatory lending laws, identified mortgage fraud and unlawful sub-prime lending tactics as deceptive trade practices. Depending upon the state, these laws were either adopted as part of the lending statutes or under the respective consumer protection laws.

To ensure that state-licensed mortgage bankers and mortgage brokers are aware of the lending laws, regulations, and guidances that apply to their practices, the states adopted mortgage training and education requirements, including requirements for continuing education. In order to curb abuses in the marketplace, these educational requirements were eventually extended to employees who worked as loan originators for mortgage bankers and brokers. As the mortgage professionals who work directly with consumers, the education and training of loan originators is critical to maintaining sound and ethical lending practices.

Historically, the task of educating loan originators to serve as professionals was undertaken and managed by the individual states through their respective banking departments. The mortgage training and education requirements varied in scope and

number of hours required, but became a common thread through the licensing requirements of the various states.

As part of the S.A.F.E. Act, Congress continued to mandate the mortgage training and education requirements that states were already implementing. Given the disparate licensing and education requirements between the laws of many states, Congress established a minimum level of educational criteria, including minimum hours dedicated to courses on federal laws and to ethical lending practices. The Act, however, is silent about these requirements for loan originators employed by federally-chartered and some state-chartered lending institutions, requiring no more than a simple registration procedure for these loan originators.

Congress also mandated that the CSBS serve in an oversight capacity to manage the training and education requirements for licensees. Given the proposed inclusion of the loan originators of federally-chartered institutions in the CSBS national database registry, the federal bank regulatory agencies overseeing these institutions recognize that, for the purposes of consumer protection, there is a need for the regulation of all loan originators, whether they work for depository institutions or state-licensed mortgage bankers and brokers. Certainly, the needs of the consumer are the same whether the consumer is dealing with a loan officer of an FDIC-regulated bank or an originator employed by a local mortgage broker.

Minimum mortgage education and training requirements for loan originators with all lending institutions are consistent with the objectives of the S.A.F.E. Act. Education is a component of every licensed business that offers services to the public. In order to allow the S.A.F.E. Act to achieve its goal of protecting the consumer in mortgage lending transactions, minimum mortgage training and education requirements should apply to all loan originators in the national database registry.

The inclusion of the requirements for the one group of loan originators does not necessarily mean the exclusion of the other. Indeed, Congress appeared to establish separate registry requirements for loan originators of depository institutions, but reason and practical good sense subsequently convinced the Agencies to seek inclusion of all loan originators in a single registry. Thus, the standard requirements, including initial and continuing education, should apply to all loan originators in order to meet the objectives of the Congress in enacting the SAFE Act.

By excluding loan originators who work for federal and state-chartered banks, credit unions, thrifts, savings and loans, and other depository institutions, these originators, who will comprise a majority of the registrants in the Registry, will continue to interact with consumers without adequate preparation to serve as professionals. Without imposing minimum requirements on all originators who submit their names to the national database registry, the registry lacks substantive consumer protection requirements that can help to repair consumer confidence in the nation's mortgage lending system. Congress has given the latitude to determine standard requirements that will meet its purpose and objectives in enacting the S.A.F.E. Act and a standard minimum requirement for mortgage training

for all loan originators can be easily included in the registry system that is already managing these requirements.

Regulating Those Who Modify Existing Loans

The proposed rulemaking dated June 9, 2009 requests comment on "...whether the definition of 'mortgage loan originator' should cover individuals who modify existing residential mortgage loans." For the reasons outlined below, TrainingPro believes that individuals engaged in loan modification activities should fall within the definition of "mortgage loan originator."

As a provider of mortgage education for state-licensed mortgage professionals, TrainingPro closely follows the developments in state mortgage lending laws and regulations. One of the latest developments in new and revised state laws is the inclusion of a provision that extends the licensing requirements for mortgage bankers, brokers, and originators to those businesses and individuals that offer loan modification services.

States have made these additions and changes in their laws to respond to the newest forms of abusive and predatory practices. These abuses occur in the form of services offered to homeowners who are at the brink of foreclosure. In desperation, some consumers contact "foreclosure consultants" and "loan modification specialists," hoping for a modification of the terms of their mortgage loan that will enable them to avoid foreclosure. These services are alluring to homeowners who need individual help in the preparation of loan modification packages and a hardship letter. Unfortunately, many consumers have found that these "specialists" were engaged in fraudulent practices, and have lost their homes to those whom they trusted to help them.

Regulation of those who offer to modify loans is critical at every level, and the regulation of these individuals and entities should include education. Loan modification specialists are helping consumers through one of the most critical crises of their lives. Whether the services are extended by a federally-chartered and regulated depository institution or by a sole proprietor who hopes to use his/her relationships with lending institutions to offer professional help to those in default on their mortgages, oversight is necessary.

Often, legislation comes too late, and addresses problems that have become epidemic. The S.A.F.E. Act has ensured that regulatory requirements are in place in every state to regulate those who want to engage in mortgage lending as professionals. Whether borrowers are seeking a new loan or modification of an existing loan, regulatory requirements help to ensure the professionalism of those whom they rely on to navigate them through the transaction.



TrainingPro Comments on Proposed Rulemaking: Registration of Mortgage Loan Originators

TrainingPro, the national leader in state-accredited mortgage education (www.TrainingPro.com), is submitting comments to the proposed rulemaking on "Registration of Mortgage Loan Originators." The comments by TrainingPro address two areas of concern:

- The need to achieve the goals of the S.A.F.E. Act by imposing requirements other than a simple registration requirement on loan originators who work for all types of federal and state-regulated mortgage lending institutions and entities, and
- The need to cover individuals who offer loan modifications services within the definition of "mortgage loan originator."

Expanding Registration Requirements to Include Education

The S.A.F.E. Act was adopted to provide for the protection of the consumer in the financial marketplace. The law was adopted during the "first wave" of the current financial crisis in response to the sub-prime meltdown in 2007. At the time, many states had already enacted various consumer protection laws that were intended to protect borrowers during mortgage lending transactions. These state laws included licensing laws to ensure the professionalism of mortgage lenders, brokers, and originators. Other laws, such as predatory lending laws, identified mortgage fraud and unlawful sub-prime lending tactics as deceptive trade practices. Depending upon the state, these laws were either adopted as part of the lending statutes or under the respective consumer protection laws.

To ensure that state-licensed mortgage bankers and mortgage brokers are aware of the lending laws, regulations, and guidances that apply to their practices, the states adopted mortgage training and education requirements, including requirements for continuing education. In order to curb abuses in the marketplace, these educational requirements were eventually extended to employees who worked as loan originators for mortgage bankers and brokers. As the mortgage professionals who work directly with consumers, the education and training of loan originators is critical to maintaining sound and ethical lending practices.

Historically, the task of educating loan originators to serve as professionals was undertaken and managed by the individual states through their respective banking departments. The mortgage training and education requirements varied in scope and

number of hours required, but became a common thread through the licensing requirements of the various states.

As part of the S.A.F.E. Act, Congress continued to mandate the mortgage training and education requirements that states were already implementing. Given the disparate licensing and education requirements between the laws of many states, Congress established a minimum level of educational criteria, including minimum hours dedicated to courses on federal laws and to ethical lending practices. The Act, however, is silent about these requirements for loan originators employed by federally-chartered and some state-chartered lending institutions, requiring no more than a simple registration procedure for these loan originators.

Congress also mandated that the CSBS serve in an oversight capacity to manage the training and education requirements for licensees. Given the proposed inclusion of the loan originators of federally-chartered institutions in the CSBS national database registry, the federal bank regulatory agencies overseeing these institutions recognize that, for the purposes of consumer protection, there is a need for the regulation of all loan originators, whether they work for depository institutions or state-licensed mortgage bankers and brokers. Certainly, the needs of the consumer are the same whether the consumer is dealing with a loan officer of an FDIC-regulated bank or an originator employed by a local mortgage broker.

Minimum mortgage education and training requirements for loan originators with all lending institutions are consistent with the objectives of the S.A.F.E. Act. Education is a component of every licensed business that offers services to the public. In order to allow the S.A.F.E. Act to achieve its goal of protecting the consumer in mortgage lending transactions, minimum mortgage training and education requirements should apply to all loan originators in the national database registry.

The inclusion of the requirements for the one group of loan originators does not necessarily mean the exclusion of the other. Indeed, Congress appeared to establish separate registry requirements for loan originators of depository institutions, but reason and practical good sense subsequently convinced the Agencies to seek inclusion of all loan originators in a single registry. Thus, the standard requirements, including initial and continuing education, should apply to all loan originators in order to meet the objectives of the Congress in enacting the SAFE Act.

By excluding loan originators who work for federal and state-chartered banks, credit unions, thrifts, savings and loans, and other depository institutions, these originators, who will comprise a majority of the registrants in the Registry, will continue to interact with consumers without adequate preparation to serve as professionals. Without imposing minimum requirements on all originators who submit their names to the national database registry, the registry lacks substantive consumer protection requirements that can help to repair consumer confidence in the nation's mortgage lending system. Congress has given the latitude to determine standard requirements that will meet its purpose and objectives in enacting the S.A.F.E. Act and a standard minimum requirement for mortgage training

for all loan originators can be easily included in the registry system that is already managing these requirements.

Regulating Those Who Modify Existing Loans

The proposed rulemaking dated June 9, 2009 requests comment on "...whether the definition of 'mortgage loan originator' should cover individuals who modify existing residential mortgage loans." For the reasons outlined below, TrainingPro believes that individuals engaged in loan modification activities should fall within the definition of "mortgage loan originator."

As a provider of mortgage education for state-licensed mortgage professionals, TrainingPro closely follows the developments in state mortgage lending laws and regulations. One of the latest developments in new and revised state laws is the inclusion of a provision that extends the licensing requirements for mortgage bankers, brokers, and originators to those businesses and individuals that offer loan modification services.

States have made these additions and changes in their laws to respond to the newest forms of abusive and predatory practices. These abuses occur in the form of services offered to homeowners who are at the brink of foreclosure. In desperation, some consumers contact "foreclosure consultants" and "loan modification specialists," hoping for a modification of the terms of their mortgage loan that will enable them to avoid foreclosure. These services are alluring to homeowners who need individual help in the preparation of loan modification packages and a hardship letter. Unfortunately, many consumers have found that these "specialists" were engaged in fraudulent practices, and have lost their homes to those whom they trusted to help them.

Regulation of those who offer to modify loans is critical at every level, and the regulation of these individuals and entities should include education. Loan modification specialists are helping consumers through one of the most critical crises of their lives. Whether the services are extended by a federally-chartered and regulated depository institution or by a sole proprietor who hopes to use his/her relationships with lending institutions to offer professional help to those in default on their mortgages, oversight is necessary.

Often, legislation comes too late, and addresses problems that have become epidemic. The S.A.F.E. Act has ensured that regulatory requirements are in place in every state to regulate those who want to engage in mortgage lending as professionals. Whether borrowers are seeking a new loan or modification of an existing loan, regulatory requirements help to ensure the professionalism of those whom they rely on to navigate them through the transaction.

TrainingPro Contact

Chris Nickerson
CEO, TrainingPro
1-877-878-3600
cnickerson@trainingpro.com